

REC'D ADM

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James B. Wright
Senior Attorney

1411 Capital Boulevard
Wake Forest, North Carolina 27587-5900
Telephone: 919-554-7587
Fax: 919-554-7913

February 6, 2001

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

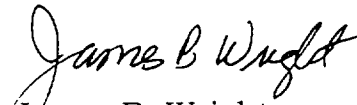
Re: Docket No. 97-00409: All Telephone Companies Tariff Filings
Regarding Reclassification of Pay Telephone Service.
UTSE Petition for Reconsideration

Dear Mr. Waddell:

Enclosed for filing are an original and thirteen copies of the United Telephone-Southeast, Inc. Petition for Reconsideration of the Tennessee Regulatory Authority's February 1, 2001 Interim Order issued in the above case.

Please contact me if you have any questions.

Sincerely,


James B. Wright

cc: Parties of Record
Dennis Wagner
Laura Sykora
Kaye Odum

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

IN RE: All Telephone Companies Tariff Filings Regarding Reclassification of
Pay Telephone Service as Required by FCC Docket 96-128

DOCKET NO. 97-00409

UTSE PETITION FOR RECONSIDERATION

United Telephone-Southeast, Inc. ("United" or "UTSE") files this Petition for Reconsideration of the February 1, 2001 Interim Order ("Interim Order") of the Tennessee Regulatory Authority ("TRA") issued in this case.

The TRA in its Interim Order, at page 30, stated that

"In order to fully reimburse all payphone service providers, BellSouth Telecommunications Inc., United Telephone-Southeast, Inc., Citizens Telecommunications Company of Tennessee and Citizens Telecommunications Company of the Volunteer State shall pay to all payphone service providers the true-up amount plus six percent (6%) interest annually since April 15, 1997. Such payment shall be made **no later than sixty days from December 19, 2000.**" (Emphasis in Interim Order).

United asks the Authority to reconsider this portion of the order directing United to effect a refund within 60 days of December 19, 2000 (by February 17, 2001) for the following reasons.

The TRA has yet to establish the permanent rates United will be authorized to charge payphone providers. In an order dated April 4, 1997, the TRA approved interim rates for United effective April 15, 1997. United is currently charging

these interim rates which will require true-up. United urges the TRA to allow this true-up to occur after permanent rates are established for United.

United would note that its interpretation of the oral decision of the TRA at the December 19, 2001 Directors conference was that United would not be obligated to make any refunds until after permanent payphone rates were established for United. It had relied on the following discussion (Hearing Transcript, page 24, line13):

"We could do it one of two ways. I guess we could make all of the LEC's reimbursement due 60 days from today, or we could take BellSouth today, since the tariff is the one that we're requesting to be filed on the 29th, and take up the due date for the other two LECs consistent with when their tariffs are filed...

...this is not an excessive amount of interest, but if somebody wants to stop the interest, I think they should be allowed to do so, because if they want to make a prepayment and stop their interest payment, I think, we should allow them to do so. And by setting the 60 days based on how we rule at the end on Citizens and UTSE, then they could make their adjustment accordingly."

From the above, United believed that the required refund would occur 60 days after permanent rates were set for United, consistent with the BellSouth process, and until that time, refunding was optional with the LEC. Consequently, United had not begun to process the data in order to effect the refunds. It was not until United received the Interim Order, approximately two weeks before the refund is currently set to occur, did United become aware that the 60 days from December 19 refund timeframe for BellSouth would apply to United.

In the February 1, 2001 Interim Order, at page 23, the TRA directed United to refile a payphone specific cost study. In the meantime, the TRA ordered that United charge the permanent payphone rates the TRA approved for

BellSouth in its Interim Order "as interim rates for UTSE until such time as a compliant cost study is filed and permanent rates are established" (Interim Order, page 22).

As the foregoing demonstrates, United already has in effect temporary rates for the period April 15, 1997 to the present which are subject to true-up. Under the terms of the Interim Order, the TRA will now create another layer of interim rates, but for a relatively short period of time.

The second set of interim rates will in all likelihood also be subject to a true-up process since it is very doubtful that United's costs will be identical to BellSouth's costs resulting in unnecessary administrative costs. In fact, it is very probable that United's cost of providing payphone service in rural northeast Tennessee will be found to be higher than BellSouth's cost of providing payphone service in many large urban areas. Such a result would require higher permanent rates to be charged by United and will require the payphone providers to reimburse United for undercharges by United for any period the second set of interim rates is in effect.

Rather than go through multiple refund adjustments in a relatively short period of time, United asks the TRA to reconsider the portion of the Order directing United to make refunds within 60 days of December 19, 2001 and instead rule that United make refunds after its permanent rates are set.

It is clear from statements in the Interim Order on page 8 regarding the need to "set out a swift and efficient procedural schedule" and "further delay in setting permanent rates harms competition" that the TRA intends to act promptly

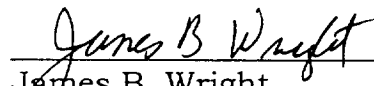
to establish permanent rates for the United and Citizens companies. It is also clear that there is no legal impediment to the TRA taking action in an expeditious fashion since the court in the BellSouth appeal has just issued an order dated February 2, 2000 indicating that the TRA has jurisdiction to address unresolved issues, which would include the ability to decide United's and Citizen's cases pending the BellSouth appeal.

United would propose to implement the refund no later than 30 days following the TRA's Order establishing permanent rates for United.

For the above reasons, United asks that the TRA reconsider its order and allow United to make refunds after the TRA establishes permanent payphone rates for United.

Respectfully submitted,
UNITED TELEPHONE-SOUTHEAST, INC.

Dated: February 6, 2001



James B. Wright
Senior Attorney
14111 Capital Boulevard
Wake Forest, North Carolina

CERTIFICATE OF SERVICE; DOCKET 97-00409
(Pay Telephone Service Reclassification)

The undersigned hereby certifies that on February 6, 2001 the foregoing United Telephone-Southeast, Inc. Petition for Reconsideration was served upon the following parties of record by fax or by depositing in the U.S mail addressed as follows:

Richard Collier
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Ted G. Pappas
Bass, Berry & Simms
2700 First American Center
Nashville, TN 37238

Consumer Advocate and
Protection Division
425 Fifth Avenue North, 2nd Fl.
Nashville, TN 37243

Guilford R. Thornton, Jr. Esq.
Stokes & Bartholomew
424 Church St, Suite 2800
Nashville, TN 37219-2386

Guy M. Hicks
BellSouth Telecommunications
333 Commerce St., Suite 2101
Nashville, TN 37201-3300

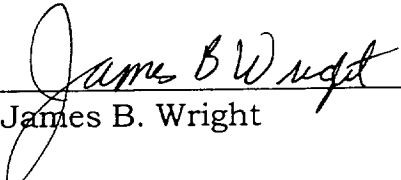
James P. Lamoureux
AT&T Communications
1200 Peachtree Street, Suite 8100
Atlanta, Georgia 30309

John Adams
Citizens Telecom
1400 16th St., NW, #500
Washington, DC 20036

Val Sanford
Gullett, Sanford, Robinson & Martin
230 Fourth Avenue, North, 3rd Floor
Nashville, TN 37219-8888

Henry Walker
Boult, Cummings, Conner & Berry
414 Union Street, Suite 1600
Nashville, TN 37219

Jon E. Hastings
Boult, Cummings, Conner & Berry
414 Union Street, Suite 1600
Nashville, TN 37219-1777


James B. Wright